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STATE TREASURER'S OFFICE ANNOUNCES STRONG SALE RESULTS

BOSTON, MA, August 18, 2010 – The State Treasurer's Office announced today that it has successfully completed the sale of \$1.2 billion in Revenue Anticipation Notes (or RANs) and \$358 million in general obligation bonds. Both the notes and bonds were sold at record low borrowing rates.

"We had remarkable execution in the market today for both our notes and our bonds," said Massachusetts Treasurer Tim Cahill. "Although the Build America Bond program is relatively new, it's become an incredibly important tool for issuers. This program allows us to borrow very efficiently in the larger, more liquid taxable market. The end-winner is taxpayers, who get the benefit of public infrastructure financed at the lowest possible rates."

The notes sale represents the Commonwealth's cash flow borrowing for Fiscal 2011. The \$1.2 billion was sold in three series. The Series A, scheduled to be repaid in April 2011, was sold at a borrowing rate of 0.227%. The Series B, to be repaid in May 2011, was sold at a borrowing rate of 0.235%. The Series C, to be repaid in June 2011, was sold at a borrowing rate of 0.247%. This represents the lowest cost of borrowing for short-term rates based on available records. For all three sales, the number of bidders increased over last year's note sale. The bid-to-cover ratio was also stronger.

The \$358 million in bonds were sold as Build America Bonds (or BABs), which are taxable to investors. The competitive sale resulted in a net borrowing rate for the bonds of 2.95%, with final maturity of the bonds scheduled in 2031. By comparison, the average yield of the Wells Fargo Build America Bond Index is currently 5.75%. The Commonwealth's borrowing rate is also favorable when compared to available mortgages of the same duration. The average rate for 20-year fixed rate mortgages is currently 4.25% (source: Bankrate.com). Like the note sale, the borrowing rate on the bonds represent the lowest borrowing costs for Commonwealth bonds based on available records.

The Commonwealth's general obligation remains 'AA+', 'Aa1' and 'AA' from Fitch Ratings, Moody's Investor Services, and Standard & Poor's, respectively. For more information on the Commonwealth's borrowing programs, please visit www.mass.gov/treasury/debt.

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